



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
1100 Commerce Street, MC 4920 DAL  
Dallas, TX 75242

TAX EXEMPT AND  
GOVERNMENT ENTITIES  
DIVISION

Date: July 6, 2016

Release Number: **201641024**

Release Date: 10/7/2016

Person to Contact:

Identification Number:

Contact Telephone Number:

Telephone Number:

Fax:

EIN:

UIL: 501.03-00

**CERTIFIED MAIL – Return Receipt Requested**

Dear :

This is a final determination that your exempt status under section 501(c)(3) of the Internal Revenue Code is revoked. Recognition of your exemption under Internal Revenue Code section 501(c)(3) is revoked effective January 1, 20XX for the following reason(s):

You did not respond to our requests for information about your financial records and activities necessary to complete our examination. Therefore, you have not demonstrated that you are operated exclusively for exempt purposes within the meaning of Internal Revenue Code section 501(c)(3).

As such, you failed to meet the requirements of Internal Revenue Code section 501(c)(3) and Treasury Regulation Section 1.501(c)(3)-1(d), in that you failed to establish that you were operated exclusively for an exempt purpose.

Contributions to your organization are no longer deductible under section 170 of the Internal Revenue Code effective January 1, 20XX.

You are required to file Federal income tax returns on Form 1120. These returns should be filed with the appropriate Service Center for the year ending December 31, 20XX, and for all subsequent years.

Processing of income tax returns and assessment of any taxes due will not be delayed should a petition for declaratory judgment be filed under section 7428 of the Internal Revenue Code.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States Tax Court, the United States Claim Court or the District Court of the United States for the District of Columbia before the 91<sup>st</sup> day after the date this determination was mailed to you. Contact the clerk of the appropriate court for the rules for initiating suits for declaratory judgment. Please contact the clerk of the respective court for rules and the appropriate forms regarding filing petitions for declaratory judgment by referring to the enclosed Publication 892. Please note that the United States Tax Court is the only one of these courts where a declaratory judgment action can be pursued without the services of a lawyer. You may write to the courts at the following addresses:

United States Tax Court  
400 Second Street, NW  
Washington, DC 20217

US Court of Federal Claims  
717 Madison Place, NW  
Washington, DC 20005

U. S. District Court for the District of Columbia  
333 Constitution Ave., N.W.  
Washington, DC 20001

You may call the IRS telephone number listed in your local directory. An IRS employee there may be able to help you, but the contact person at the address shown on this letter is most familiar with your case. You may also call the Internal Revenue Service Taxpayer Advocate.

The Taxpayer Advocate Service (TAS) is an independent organization within the IRS that can help protect your taxpayer rights. We can offer you help if your tax problem is causing a hardship, or you've tried but haven't been able to resolve your problem with the IRS. If you qualify for our assistance, which is always free, we will do everything possible to help you. Visit [taxpayeradvocate.irs.gov](http://taxpayeradvocate.irs.gov) or call 1-877-777-4778.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

Enclosures:  
Publication 892  
Envelope

Margaret Von Lienen  
Director, EO Examinations

**Internal Revenue Service**  
**Tax Exempt and Government Entities Division**  
Exempt Organizations: Examinations

**Department of the Treasury**

**Date: November 17, 2015**

**Taxpayer Identification Number:**

**Form:**

990 Return

**Tax Year(s) Ended:**

December 31, 20XX

**Person to Contact/ID Number:**

**Contact Numbers:**

Telephone:

Fax:

**Manager's name/ID number:**

**Manager's contact number:**

**Response due date:**

December 16, 20XX

**Certified Mail – Return Receipt Requested**

Dear :

**Why you are receiving this letter**

We propose to revoke your status as an organization described in section 501(c)(3) of the Internal Revenue Code (Code). Enclosed is our report of examination explaining the proposed action.

**What you need to do if you agree**

If you agree with our proposal, please sign the enclosed Form 6018, *Consent to Proposed Action – Section 7428*, and return it to the contact person at the address listed above (unless you have already provided us a signed Form 6018). We'll issue a final revocation letter determining that you aren't an organization described in section 501(c)(3).

After we issue the final revocation letter, we'll announce that your organization is no longer eligible for contributions deductible under section 170 of the Code.

**If we don't hear from you**

If you don't respond to this proposal within 30 calendar days from the date of this letter, we'll issue a final revocation letter. Failing to respond to this proposal will adversely impact your legal

standing to seek a declaratory judgment because you failed to exhaust your administrative remedies.

**Effect of revocation status**

If you receive a final revocation letter, you'll be required to file federal income tax returns for the tax year(s) shown above as well as for subsequent tax years.

**What you need to do if you disagree with the proposed revocation**

If you disagree with our proposed revocation, you may request a meeting or telephone conference with the supervisor of the IRS contact identified in the heading of this letter. You also may file a protest with the IRS Appeals office by submitting a written request to the contact person at the address listed above within 30 calendar days from the date of this letter.

The Appeals office is independent of the Exempt Organizations division and resolves most disputes informally.

For your protest to be valid, it must contain certain specific information including a statement of the facts, the applicable law, and arguments in support of your position. For specific information needed for a valid protest, please refer to page one of the enclosed Publication 892, *How to Appeal an IRS Decision on Tax-Exempt Status*, and page six of the enclosed Publication 3498, *The Examination Process*. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process. Please note that Fast Track Mediation referred to in Publication 3498 generally doesn't apply after we issue this letter.

You also may request that we refer this matter for technical advice as explained in Publication 892. Please contact the individual identified on the first page of this letter if you are considering requesting technical advice. If we issue a determination letter to you based on a technical advice memorandum issued by the Exempt Organizations Rulings and Agreements office, no further IRS administrative appeal will be available to you.

**Contacting the Taxpayer Advocate Office is a taxpayer right**

You have the right to contact the office of the Taxpayer Advocate. Their assistance isn't a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate can't reverse a legally correct tax determination or extend the time you have (fixed by law) to file a petition in a United States court. They can, however, see that a tax matter that hasn't been resolved through normal channels gets prompt and proper handling. You may call toll-free 1-877-777-4778 and ask for Taxpayer Advocate assistance. If you prefer, you may contact your local Taxpayer Advocate at:

Internal Revenue Service  
Office of the Taxpayer Advocate

**For additional information**

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Margaret Von Lienen  
Director, EO Examinations

Enclosures:  
Report of Examination  
Form 6018  
Publication 892  
Publication 3498

<b>Form 886-A</b>	U.S. Treasury Department-Internal Revenue Service <b>EXPLANATION OF ITEMS</b>	<b>Schedule No. or Exhibit</b>
<b>Name of Taxpayer/Tax Identification Number</b>		<b>Year/Period Ended</b>  December 31, 20XX

**ISSUE:**

Should federal tax exempt status under section 501(c)(3) of the Internal Revenue Code be revoked for failure to provide information to the Internal Revenue Service to demonstrate that it is operating in accordance with its exempt purposes?

**FACTS:**

was incorporated in the State of on October 9, 20XX. Their stated purpose was to operate exclusively with , and the public in the , , and (primarily ) which were or to and . On April 23, 20XX, was issued Letter 1045 granting exempt status under 501(c)(3) of the Internal Revenue Code. Since they were a newly created organization, a final determination of their foundation status under 509(a) of the Internal Revenue Code was not made. At the present time, the organization is classified as a publicly supported organization and has a Form 990 filing requirement.

On June 15, 20XX, Letter 3611 was mailed informing that the Form 990 for the tax year ended December 31, 20XX had been selected for examination to ensure compliance with federal tax requirements. This letter along with an IDR "Information Document Request" and Publication 1 was sent c/o at P.O. Box , , .

On July 15, 20XX, a second Letter 3611 informing that we were examining their status as a tax-exempt organization and their requirement, if any, to file annual information returns was mailed. This letter along with an IDR "Information Document Request" and Publication 1 was sent c/o at , , via certified mail (XXXX XXXX XXXX XXXX XXXX).

On August 12, 20XX, a third Letter 3611 informing that the Service was examining the exempt organization status as a tax-exempt organization and their requirement, if any, to file annual information returns was mailed. This letter along with an IDR "Information Document Request" and Publication 1 was sent to

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c/o \_\_\_\_\_ at \_\_\_\_\_, \_\_\_\_\_ via certified  
mail (XXXX XXXX XXXX XXXX XXXX).

In addition, a Form 4759 (Postal Tracer) was sent c/o Postmaster at \_\_\_\_\_,  
. The form was returned from post office verifying that mail for the organization is  
delivered to \_\_\_\_\_.

When no information had been by September 1, 20XX, Letter 1477 was prepared and  
sent to \_\_\_\_\_ c/o \_\_\_\_\_ at \_\_\_\_\_.

On September 11, 20XX, \_\_\_\_\_ (exempt organization President) left a  
voicemail message stating, "The exempt organization is no longer in business". The  
revenue agent attempted to contact \_\_\_\_\_ to discuss the status of the exempt  
organization and received an automated operator stating "this line does not have a  
voicemail setup and a message is not allowed to be left".

On September 17, 20XX, the revenue agent contacted \_\_\_\_\_ to discuss  
the status of the exempt organization. \_\_\_\_\_ explained that the  
revoked the license of the exempt organization back in 20XX. The revenue agent  
explained to \_\_\_\_\_ that research would need to be conducted to verify  
the exempt organization status with the State.

The revenue agent check the State of \_\_\_\_\_ website to verify the status  
of the exempt organization, the exempt organization status was shown as active;  
meaning that the exempt organization has not been dissolved with the State.

The revenue agent attempted to contact \_\_\_\_\_ to discuss the information found  
on the State of \_\_\_\_\_ website, the call was unsuccessful, as  
does not have voicemail setup.

When the information still had not been received by September 16, 20XX, another  
follow-up Letter 1477 was prepared and mailed to the exempt organization on  
September 21, 20XX. That letter advised the exempt organization if the requested  
information has not been received by October 16, 20XX, the Service would have no

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alternative but to close the exempt organization case, proposing revocation of their exempt status.

On September 30, 20XX, left another voicemail on the revenue agent voicemail regarding the correspondence received from the Service, in addition, expressed that the exempt organization is no longer in operation and that the exempt organization does not want to comply with the examination.

On September 30, 20XX, the revenue agent returned telephone call during that call the revenue agent advised the exempt organization, if the exempt organization does not comply with the examination, that revocation of the exempt organization exempt status will be recommended.

In addition, the revenue agent advised the exempt organization that the exempt organization did file a Form 990 return for the year under audit and that the website shows the exempt organization status as active. explained that does not have time to locate the documents requested in the Information Document Request form.

The revenue agent reiterated to , that if the exempt organization does not comply with the examination, revocation of the exempt organization exempt status would be recommended.

On November 16, 20XX, letter 3618 and Form 6018 (*Consent to Proposed Action – Section 7428*) proposing revocation of the organization's exempt status was mailed Certified describing why it did not qualify under Section 501(c)(3) of the Code. In that letter, it requests that if the organization does not agree with the proposed findings it could submit a written protest to the Internal Revenue Service.

The exempt organization has 30 calendar days from the date on the letter 3618 to response to the proposal, if the exempt organization fails to respond a final revocation letter will be issued.

**LAW:**

Section 501(c)(3) of the Internal Revenue Code exempts from Federal income tax corporations, and any community chest, fund, or ORG, organized and operated



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exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 1.6033-2(i)(2) of the Income Tax Regulations provides, in part, that every organization which is exempt from tax shall submit such additional information as may be required by the Internal Revenue Service for the purposes of inquiring into its exempt status.

Revenue Ruling 59-95, 1959-1 CB 627 provides that a failure to file required information return or comply with the provision of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of an exempt status.

#### **GOVERNMENT'S POSITION:**

Treasury Regulation section 1.6033-2(i)(2) provides, in part, that every organization which is exempt from tax, whether or not it is required to file an annual information return, must submit additional information upon request by the Internal Revenue Service for the purpose of inquiring into its exempt status and administering the provisions of subchapter F, Chapter 1 or subtitle A of the Code, IRC section 6033, and Chapter 42 of subtitle D of the Code.

The information that the Service requested is material in establishing right to maintain its exempt status. An organization, to be qualified as an entity described in section 501(c)(3) of the Internal Revenue Code or in certain other categories of tax-exempt organization, must be organized and operated so that no part

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of its net earnings inures to the benefit of any private shareholder or individual. The essence of the concept is to ensure that a tax-exempt charitable organization is serving a public interest and not a private interest.

Revenue Ruling 59-95 states if an exempt organization fails to comply with the requirements of Section 6033 of the Code and its corresponding Regulations, the organization will no longer qualify for exempt status. As described in the previous paragraph, your organization has not complied with Section 1.6033-2(i)(2) of the Regulations since no reply to information document requests have been received. Per Revenue Ruling 59-95, you do not qualify for exempt status under Section 501(c)(3) of the Code since your organization has failed to provide the required information as prescribed by Regulations of Section 6033 of the Code.

Section 1.6033-2(i)(2) of the Regulation and Revenue Ruling 59-95, 1959-1 CB 627 requires every organization which is exempt from tax to submit additional information upon request by the Internal Revenue Service. The Service has requested from to provide information for the purposes of inquiring into its exempt status. The requested information was material in determining whether continues to qualify for Federal tax exempt status under IRC section 501(c)(3). The Service has given adequate opportunities to provide the requested information and has advised of the consequences for failing to provide the information. failed to respond to the Service's request for information knowing that such refusals to provide the requested information may result in the loss of its tax-exempt status. By not providing the requested information, has failed to demonstrate that it is observing the conditions for continued exemption. Therefore, Federal tax exempt status under IRC section 501(c)(3) should be revoked effective January 1, 20XX.

**TAXPAYER POSITION:**

The exempt organization position is not known at this time.

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**CONCLUSION:**

You have failed to provide the required information to our requests concerning your organizations exempt status per Section 6033 of the Code. As described in Revenue Ruling 59-95, you do not qualify for exempt status under Section 501(c)(3) of the Code because of your failure to comply with the Regulations under Section 6033 of the Code. Accordingly, the organization's exempt status should be revoked effective January 1, 20XX.

If the proposed revocation becomes final, appropriate State official will be notified of such action in accordance with IRC section 6104(c).